

MEETING SUMMARY NOTES

Cost Savings and Efficiency Work Group

*January 21, 2003
4:00 p.m., Room 113, County-City Building*

MEMBERS: Present - Russ Bayer Jennifer Brinkman, Mark Brohman, Carol Brown, Jon Carlson, Brian Carstens, Mark Hunzeker, Rick Krueger, Greg MacLean, Roger Reynolds, Jerry Schleich, Greg Wood, Patte Newman, Allan Abbot (non-voting)
Absent - Duane Eitel, Duane Hartman, Melinda Pearson

OTHERS: Kent Morgan, Karen Jensen, Randy Hoskins, Steve Masters, Marvin Krout, Nick McElvain, Karl Fredrickson

AGENDA ITEMS DISCUSSION:

Welcome

Russ Bayer called the meeting to order at 4:04 p.m.

Ms. Jensen stated that there were three components to today's agenda: 1) Review of the discussion last week; 2) continue addressing issues, and 3) prepare for the Open House on January 30th.

Karen Jensen distributed copies of the informal notes and summary of the draft recommendations which were discussed at last week's work shop. Allan Abbott questioned statement 2 on page 4 on page 4, statement 2, as follows: Savings could be achieved if the City commits to following the infrastructure program shown in the Comprehensive Plan. He clarified that cost savings would not be achieved, but rather deferred. Mr. Bayer responded by stating that the money needed for the 12 year gap would be reduced, but we may not need it later on. Mark Hunzeker stated that may not necessarily be the case if you consider the time value of money. Jerry Schleich stated that if it costs considerably more money six years down the road, then you are saving money. Ms. Jensen stated that this summary is a working document and would be revisited at a later date.

Russ Bayer stated that he believed we had discussed putting more emphasis on the option involving engineer's drawings. Ms. Jensen stated that it was included with the right-of-way acquisition and would be made as a separate statement.

Karen Jensen thanked the group for their attention last week and for their continuing attention to this process.

Kent Morgan stated that several issues under infrastructure elements are all related and could be discussed together, as follows: (Q) Construction Phasing for Urban Cross Sections - Should the construction of urban arterials be phased so that they are built "from the outside (lanes) inward?" This would allow for stormwater utilities and other utilities to be put in place at the time of initial roadway construction and not later relocated, (P) Building Urban Streets as a Final Cross Section - Should the City proceed with a policy that would call for constructing arterial streets as they might be needed at final design? That is, as a rural road is brought into the City and is upgraded to an urban-style arterial street, should the street be built as it may be needed once greater urbanization occurs (for example, built initially as a four lane section)? Or should it be first constructed as a two lane urban facility and expanded at a later date to a four lane section?, and (R) Work with the County to Establish Future Grade for Section Line Arterials (or at Least Estimate Them Within a Couple of Feet) - Establishing these grades prior to subdivisions developing along them will reduce the need for future grading and minimize the need for such added features as retaining walls.

Steve Masters commented on page 4, statement 2 as identified above. He stated that one of the things that we have done a lot of over the years has been to try to match our revenue in some fashion with our projected need and expense. While sometimes it may cost you more to actually build the facility if you phase it in over several years, the impact on rates and other considerations may be, in some ways, minimized if it better matches your revenue. So if you look at it on a cost basis, you may actually spend more over five years. If you match it on a revenue basis, it may not be that significant of a difference.

The group decided to discuss the issues as identified above.

Mr. Krueger stated that each section of the road might have a different application. He questioned when do you decide to add additional lanes and when is the traffic high enough. Mr. Hoskins replied by stating that it is typically around 14,000-15,000 cars per day. A concern was expressed that in one section we may have the east side of the road, and up further the west side, and questioned how you make them fit.

Mr. Hoskins stated that it is at the major road intersections where you have the most problems. Mr. Hunzeker then posed a question regarding the outside in idea as to how you deal with the intersections. Mr. Hoskins responded that basically you have to pull the left turn lanes off further, towards the middle, and pointed out that it is similar to 14th street south of Pine Lake.

Ms. Brown asked which way is the most cost effective. Mr. MacLean stated that it is going to cost you more up front. Ms. Brown then asked if we are saving time or money by doing this. Mr. Hoskins replied that Mr. MacLean is right in saying that you would spend more money up front, but it would save you money in the long run.

Mr. Hunzeker stated that it seems that there may be some willingness to consider continuing the use of an existing county road cross section where it is annexed into the city. Mr. Hoskins replied that we have allowed for that. Mr. Hunzeker then responded that we are really talking

about a case by case analysis where we evaluate the most cost effective way. Mr. Hoskins stated that the advantage to this is that you might be able to build around the existing county road. Mr. Hunzeker expressed that in some instances it is more effective to use the existing county road. He also stated that considering each situation on a case by case basis is the best option.

Mr. Wood stated that you could construct the other two through lanes and maintain traffic on the existing county road if the grades are there. Mr. MacLean stated that we could have a general policy and then allow for the case by case scenarios.

Mr. Carlson questioned if we are using the county road for half of it and building the rest of it around the road or are we talking about just leaving the county road and building sub-divisions on either side of it? And he asked for a sense of what event is tripping the trigger to go in and do something. Mr. MacLean responded that if the county is going to improve the road and the city knows that they are going to be annexing within the 15 year life of the pavement, let's get with the county to make sure that they are designing it to the appropriate grades. Furthermore, if the county has already improved it and it still has some useful life, it is not an automatic to tear it out immediately.

The group drafted the following statement regarding issue Q), as follows: Phase construction of urban arterials to build from the outside lanes inward. This would allow for stormwater utilities and other utilities to be put in place at the time of initial roadway construction and eliminate costly relocation at a later date.

The group also drafted a statement regarding issue S), as follows: Utilize paved county roads for a period of time when capacity is adequate and adopt phased urban facility design to existing conditions; coordinate with county on design and alignment of new county paving projects.

Ms. Jensen stated that we would proceed with discussion regarding oversight boards and then asked what we know about oversight boards. Rick Krueger responded by stating that the Lincoln Water and Wastewater systems should be set up like the Lincoln Electric System (LES) is set up. He stated that it appears to him that LES's way of doing things is a better way than what we have today with either the Water or Wastewater systems, and one of the key items is an oversight board. He continued by stating that there are five points that would be characteristic of the oversight board:

1. Work to find and apply resources to implement the Comp Plan
2. Assist staff in financial planning and hiring financial expertise when needed
3. Over time it would become non-political
4. Shield staff from criticism over major decisions that are made on a community wide basis
5. Advocate for changes in ordinance that are needed by the utilities

Greg Wood questioned who would have the higher authority, the city council or the oversight board. Mr. Krueger responded that he believed that City council would.

Carol Brown questioned why we would have an oversight board to tell the City employees how to do their job. Mr. Bayer questioned how this would save time or money. Mr. Schleich stated that he is opposed to oversight boards because it usurps the authority of the Director of Public Works, it creates another level of bureaucracy, it fractionalizes staff, and most of all, it doesn't save time or money and therefore doesn't meet our criteria.

Allan Abbott stated that his main concern is that if there are oversight boards established for the two utilities that it not be done in a way that breaks up Public Works and Utilities. He stated that he doesn't see the advantages of an oversight board.

Jon Carlson asked if the current situation suffers from a lack of accountability or letting a good idea getting heard or promoted. Mr. Carlson stated that if not, then you don't need an oversight board.

Mr. Krueger stated that it is not his intention to break up Public Works. But he feels that Public Works does not have the in-house ability to do the financial planning as called for in the Comp Plan. He stated that this is not a reflection on any person in this room, but it is a change in the way we do business.

Mr. Hunzeker questioned the idea that this usurps the authority of the Public Works Director and stated that is simply not true. He believes that it would enhance the authority of the Public Works Director, and it would save money in the sense that it would hopefully enable the Public Works Director, in cooperation with the board, to employ experts to advise them on cash flow management to provide service to needed places. He stated that he doesn't believe that an oversight board would be detrimental to Public Works.

Mr. Bayer again questioned where we are saving time or money. He continued with the question that if you have a board responsible for a specific activity, would it give better attention to doing strategic planning? He also questioned if the board had existed over the past 10 years, do you believe that we would be facing the water or wastewater gap today. Mr. Krueger responded no, but because we now have a new plan, we want to invest in our future and now is the time to do it.

Mr. Krueger continued by stating that he wanted to address the issue of strategic planning and saving time and money. He stated that he believes that the people on the Board would take the charge seriously. If everybody is reporting back to the Public Works Director, there is adequate ability to coordinate things. In terms of the time aspect, getting things in the ground earlier does save time.

Mr. Abbott responded that he takes great exception to the statement that Public Works doesn't have the ability to do financial planning. He continued by stating that the financial cash flow is an entirely different ball game. Whether or not a utility advisory board would convince the City Council and Mayor that we should be raising rates and spending more is pure conjecture. He agreed that we have been sitting on money for a long time and stated that we have been trying to

spend that money down. He stated that there are a multitude of reasons of why that hasn't happened. He also agreed that we do need to improve our cash flow. Mr. Abbott continued by stating that he believes it is accepted that we can utilize more bonding which will improve cash flow, which means that you are costing yourself more because bonding is more expensive than paying for it up front. He concluded by stating that he believes that whether or not you have an advisory board, it is the City Council and Mayor making the decision.

Ms. Jensen then asked the group if they wanted to move this item forward to the open house discussion. No consensus was reached regarding this issue.

The group decided to discuss issue (I) under Big Picture Policies, as follows: Infrastructure Maintenance in Existing Neighborhoods - Examine options for increasing the efficient delivery of maintenance services to older areas of the community without adversely affecting the long term quality of the infrastructure or services to these areas.

Mr. Schleich asked how we handle repaving districts in older neighborhoods. Mr. Abbott responded that there are a lot of maintenance activities to extend the life of pavements, which can save money.

Mr. Bayer asked, hypothetically, if we could have repaired more sidewalk, for example, with the same amount of money. Mr. Abbott stated that the answer is maybe, because we let smaller contracts and didn't let bigger contracts.

Mr. Bayer asked the group if there was any opposition in putting this statement in the preamble. Consensus was reached that this statement should be put in the preamble.

The next issue discussed was issue (C) under Big Picture, as follows: "Executive Orders" (E) vs. Special Assessment District Cost - Examine why there are apparent differences in costs between the use of the "Executive Order (EO)" vs. "Special Assessment District" approach.

Mr. Carlson asked for clarification on what an Executive Order is. Mr. Hunzeker stated that most things are done by Executive Order, but the reason for using Special Assessment Districts is that it allows for small developers to do projects they might not otherwise be able to do, because of financing concerns. Mr. Abbott stated that this is a financing mechanism. Mr. Schleich recommended that this issue be forwarded to the Finance Work Group to examine further; consensus was reached that this issue should be forwarded to the Finance Work Group.

The next issue addressed was (L) under Infrastructure Elements, Review developer contributions to arterial street projects.

Mr. Abbott stated that this issue has taken care of itself as there are impact fees. Mr. Bayer asked if everyone agreed that this issue has been resolved. All members agreed that this is a moot point and should be dropped.

Mr. Bayer suggested to the group to revisit issue (S), as follows: Plan to Use Existing Paved County Roads in Newly Annexed Areas of the City.

Mr. Carlson phrased the recommendation as follows: Coordinate with the county on design and alignment of new county pavement projects. Make efficient use of paved county roads as the city phases in urban improvements. General consensus was reached to forward this recommendation.

The next issue discussed was regarding special assessment districts. Mr. Schleich stated that a special assessment district was created to provide a level playing field for people who are essentially benefitting by the extension of an infrastructure. He continued by stating that whoever pays for that has no way of recouping that cost, and the farmer who has benefitted has never paid anything. This new legislation would require that anyone who has benefitted would pay for the cost of the infrastructure, which would probably require a change in the state law. Mr. Schleich stated that he believes that this would be a great tool, as the money would ultimately go back to the consumer and the city. Ms. Brinkman stated that it seems like this issue should be passed on to the legislative committee. Mr. Hunzeker questioned how this has any application as we now have impact fees. He continued by emphasizing another point that you have the opportunity if you chose to put some pressure on the farmer to actually use the land. He stated that it doesn't make any sense to make it easy on the farmer to hold his ground indefinitely outside the city limits, forcing people to put the utilities through it and improve it for him so he can reap full development price for it.

Ms. Jensen questioned the group on whether or not they wanted to move this issue forward. There were a lot of indefinite answers, and no consensus was reached. Mr. Morgan stated that he believed that the Finance Work Group may take a look at this issue. The group decided that additional research would be warranted in order to make a decision.

The next issue discussed was J), under Big Picture, as follows: Gravity Flow vs. Force Main/Lift Station Policy for Wastewater - Gravity flow wastewater mains are the primary collection technique used by the City's sanitary sewer system. Forced main systems and lift stations are typically discouraged. The approach would result in giving greater consideration to the broader application of forced main system and lift stations throughout the City's wastewater system.

Mr. Schleich stated that Public Works has a general policy against forced main lift stations. He continued by stating that we have 14 in place now and that on a short term basis, it is worthy of consideration, particularly if the developer is willing to pay for a portion of those costs. Mr. Abbott responded by stating that what you are pumping the effluent into has to have to the capacity to handle the extra load and that the area that is going to be served by the lift station has to be specifically defined and limited. Mr. Hunzeker stated that the situation that would really favor lift stations are places where we have essentially built out the entire drainage basin with gravity flow system and trunk lines still have capacity downstream.

Consensus was reached to send the following recommendation forward: Utilization of forced main lift stations for short-term use in order to fully utilize some of the existing infrastructure that is in place depending upon the capacity of the sewer and the capacity of the lift station.

The next issue discussed was the Open House on January 30, 2003 and specifically, the format to follow and the role of the members.

Mr. Bayer stated that he anticipated stations with all of the ideas displayed. Mr. Morgan stated that he envisioned stations with displays to illustrate the ideas from the group and to solicit community thoughts on the ideas. There will be a way for the community to record their ideas. Group members and staff will be there to visit with the community members.

The group decided that the meeting on Tuesday, January 28th would be canceled. The Open House will be on Thursday, January 30th and the next regular meeting will be on Tuesday, February 4th in Room 113 of the County-City Building.

Mr. Bayer adjourned the meeting at 7:30 p.m.